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COMMITTEE ON APPROPRIATIONS  
January 30, 2006  
LB 1060, 1061, 1062, 1131, 931, 1235

The Committee on Appropriations met at 1:30 p.m. on Monday, January 30, 2006, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB 1060, LB 1061, LB 1062, LB 1131, LB 931, and LB 1235. Senators present: Don Pederson, Chairperson; Lowen Kruse, Vice Chairperson; Chris Beutler; Jim Cudaback; Pat Engel; Lavon Heidemann; Marian Price; John Synowiecki; and Nancy Thompson. Senator absent: None.

SENATOR D. PEDERSON: (RECORDER MALFUNCTION)...the Appropriations Committee hearing today on January 30. We have a number of items. We have legislative bills that will be heard. We don't have the full contingent of our membership here, but we have members of our committee that are introducing bills elsewhere and are otherwise engaged, but they'll come in; we're just now to be honored by having Senator Engel. And I'll introduce the people here.

SENATOR THOMPSON: You don't even mention the rest of us.

SENATOR D. PEDERSON: Well I did mention...I'll get to you. I'll introduce the members of the Appropriations Committee. At the far end is Senator Lavon Heidemann; next to him is Senator Jim Cudaback; next to him is Senator Pat Engel; to the far right is Marian Price; and then Nancy Thompson; Chris Beutler; and I'm Don Pederson, Chairman of this committee. So just a few of the ground rules. Many of you have testified before, so I'll just tell you that we're asking you to first turn off any cell phones that you have. We're being recorded so I'll ask you, when you come up to testify, that you give your name, spell it and fill out the form that we have for that purpose. And generally speaking I would ask that there not be repetitious testimony and make your testimony as expeditious as you can. With that I will say LB 1060, is there someone here to propose that, like Mr. Oligmuedler.

LB 1060 1061 1062

GERRY OLIGMUELLER: Good afternoon, Senator Pederson and members of the Appropriations Committee. My name is Gerry Oligmuedler, it's spelled O-l-i-g-m-u-e-l-l-e-r. I'm State

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 2

LB 1060 1061 1062

Budget Administrator and, if it's convenient for the committee, I could appear at this moment on behalf of all three of these bills related to the budget, LB 1060, LB 1061, and LB 1062.

SENATOR D. PEDERSON: Is there any objection to doing it that way? If not, go ahead and expedite it in that fashion; I appreciate that.

GERRY OLIGMUELLER: Okay. (Exhibits 1, 2) I believe you have a copy of my testimony, but these three legislative bills comprise the specific budget recommendations presented by the Governor to the Legislature on January 12. The Governor's tax relief recommendations are contained in LB 1006, which will be heard in Education Committee on Monday, February 6, and LB 849, and LB 959, which will be heard in Revenue Committee on Wednesday and Thursday, February 1 and 2. I share that with you for your background purposes. These six legislative bills have been introduced at the request of the Governor. The contents of all this legislation have been summarized and presented to you already in a publication entitled "The Mid-Biennium Budget Adjustments 2005-2007 Biennium," dated January 12. I've provided a copy of this publication to your committee clerk along with my prepared remarks for your record. At this time I'd also like to note that the Governor's budget recommendations account for LB 996, introduced by Senator Loudon, to provide funding for the Veterans' Cemetery system, and LB 787, introduced by Senator Mines, related to calibration of radiological instruments, the latter bill having a minor Cash Fund appropriation requirement. LB 996 was heard in Government Committee on January 26, and LB 787 was heard in that same committee on January 18; I believe that bill may be on General File. As you know the state biennial budget for the current biennium was established during the 2005 session. The enacted budget placed considerable emphasis on meeting specific and considerable financial imperatives, many known to the committee, most notably payment of the low-level waste settlement, improved financing for K-12 and higher education, and shoring up the financial position of the retirement programs for school employees and teachers, judges and State Patrol members. Several measures were also enacted to improve our tax climate in order to increase the number and quality of jobs; taxes were not increased. The 2006 session is the

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 3

LB 1060 1061 1062

mid-biennium for the 99th Legislature. Actual tax receipts of course and revenue forecasts have improved considerably, and the Legislature will have the benefit of a revised forecast, provided by the Forecasting Board, the last Friday of the month of October. While state agency boards and commissions requested to spend 85 million dollars more than is currently appropriated, the Governor's recommendations provide for a net reduction in the current biennial budget. I notice that the committee's preliminary recommendations, while different on some specifics, are similar regarding the bottom line. The Governor's recommendations are designed to build on the economy strengthening efforts of the 2005 session. In addition to spending restraint, the Governor has proposed three measures to provide tax relief. The Governor recommended no additional cash reserve transfers for the current biennium and 95 million dollars in transfers each of the two years of the 2005...or 2007-2009 budget planning biennium. Today is just the 17th legislative day. Your scheduled legislative bill and agency hearings will provide considerable further discussion of the Governor's specific recommendations and the proposals of others of course. The work of the other legislative committees will also be important to consider prior to preparation of your final recommendations to the Legislature. The Governor places a high value on a professional working relationship with the Legislature and positive benefit it brings for Nebraskans. The Governor and his staff will remain available and accessible as important work on the budget and tax matters continue through the 2006 session. I have some testimony that is specific to LB 1061 and I'd like to touch on that because there are quite a few provisions in LB 1061 which are necessary operation-wise recommendations, included in LB 1060 that are part of your preliminary recommendations and some of your further consideration. We have several recommendations that relate to provisions on existing funds, the creation of new funds, the transfer of funds, all related to the overall budget package. The bill updates language for certain statutory funds in the Attorney General's Office. This includes amending the Consumer Protection Act to clarify the process for addressing recovery of agency losses, recovery of costs and damages, directs that recoveries received for the general benefit of the state be credited to the State Settlement Cash Fund, a new fund, and directs that recoveries received from specific benefit of individuals, organizations, or governments be

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 4

LB 1060 1061 1062

credited to the Settlement Trust Fund. This brings these statutes into compliance with general accounting standards board standards. These changes include the creation of this Settlement Cash Fund and a State Settlement Trust Fund. The bill also codifies the Motor Vehicle Fraud Cash Fund in the AG's Office which is currently referenced...simply by reference to a fund in statute without name. And the bill also makes three separate cash transfers totaling \$135,000 to the Attorney General's Administrative License Revocation Fund to address a budget request issue that the Attorney General's Office has presented to the committee. And this is our recommendation for a method to finance that deficit throughout...through the remaining period of the current biennium and also transfer of unobligated balances, two funds in the Attorney General's Office and the remaining difference being made up by a transfer from Motor Vehicle Cash Fund in the Department of Motor Vehicles. The bill requires the State Treasurer to transfer the entire balance in the Low-Level Radioactive Waste Settlement Fund to the General Fund. This represents the investment earnings that accrued to that fund for the very brief period of time that there was 145 million dollars in that fund to pay that settlement; it is approximately 35 to 50 thousand dollars, I forget the exact amount, but it's quite a sum of investment income for a brief period there. The bill creates the Nebraska Public Safety Communication System Cash Fund and the Nebraska Public Safety Communication System Revolving Fund. This is to facilitate the initial start-up funding for the Nebraska Public Safety Communication System, which is part of the Governor's recommendation in LB 1060 and which I'll address later today as part of my testimony as acting Director of Administrative Services. The creation of the cash fund will provide the ability to clearly track centralized costs for operating the system and the creation of the revolving fund will provide the ability to easily track total equipment costs of state agencies accessing the system. And we'll go into that in more detail later. The bill extends the sunset date of July 1 of 2015 for four sections of the law related to the construction of Military Joint Operations Center. These changes are a direct result of federal funding being postponed for the National Guard portion of the Joint Operations Center project until the projected time frame of federal fiscal year 2009. This would have been an issue you encountered two or three legislative sessions ago. The bill delays the transfer of



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 5

LB 1060 1061 1062

\$781,000 from the Vacant Building and Excess Land Cash Fund to the Nebraska Capital Construction Fund from within five days after July 1, 2006, to a new date on or before June 30, 2009. The projected cash flow of projects funded from the Nebraska Capitol Construction Fund support a delayed transfer of funds, that would principally be a project related to the Nebraska Center for Women at York. The bill outright repeals the Department of Justice Cash Fund, the Low-Level Radioactive Waste Settlement Fund, Public Safety Communications Fund, and the existing state settlement provisions, all of which have no continued use, and it eliminates obsolete transfer language from the Nebraska Medicaid Intergovernmental Trust Fund. The bill provides for a July 1, 2006, operative date for those sections dealing with the license revocation program and the associated transfers. All other sections of the bill go into effect with the emergency clause. I trust those issues have probably been touched on, on an individual basis, at least as the fiscal analysts have briefed you regarding specific agency issues, but I felt it was important to make sure we outlined those in some detail in this testimony for the record and for your future reference as you work on the budget. I thank you for the opportunity to appear today on behalf of Governor Heineman and I'd certainly be willing to answer questions you have about these three bills. I would also note that I plan to testify on behalf of the Department of Administrative Services and will touch on the Governor's recommendations that are included in that part of the budget package as well, which would include the public safety wireless project, for example. The Governor's recommendation for a study related to foster care; that would be another example specifically. So thank you very much.

SENATOR D. PEDERSON: Are there questions of Mr. Oligmueler? Senator Thompson.

SENATOR THOMPSON: Actually I have two. One is I'm trying to understand, and you reference in your testimony LB 996, and you mention this was introduced by Senator Loudon to provide funding for the Veterans' Cemetery System. But in looking at LB 996 what it does is it amends the law which currently says that Department of Veterans' Affairs may establish and operate a state veterans' cemetery system, including facility in Box Butte County, a facility in Sarpy

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 6

LB 1060 1061 1062

County, and the Nebraska Veterans Memorial Cemetery in Hall County to...and the only language I see is language that says that...strikes the State Veterans' Cemetery System and says any facility or cemetery, no revenue shall be remitted to this fund for any facility or cemetery that is in part of the state...that is a part of the State Veterans' Cemetery System and is located in a county with a population of more than 100,000 persons. Can you explain...I don't get the connection between the appropriated money that the Governor wants and making a long-term attempt to eliminate Sarpy County from that.

GERRY OLIGMUELLER: I don't have the bill in front of me, but my understanding was there was a preclusion of the use of state funds...

SENATOR THOMPSON: For Sarpy County?

GERRY OLIGMUELLER: ...in current law that was applicable to the system is how it had been explained to me. And what we did in our budget material and in our budget material would simply recognize that there would be a General Fund cost now associated with the Veterans' Cemetery System. We provided the initial funding for that.

SENATOR THOMPSON: Okay but the language of the bill, basically you know, representing Sarpy County so I...

GERRY OLIGMUELLER: Yes.

SENATOR THOMPSON: ...you know, want to be perfectly straightforward why this is of concern to me. The language of the bill not only allows General Fund money for, I assume, Box Butte County is the...

GERRY OLIGMUELLER: Alliance is the first site, yeah.

SENATOR THOMPSON: ...Alliance one, it also specifically eliminates Sarpy County from ever being able to ask for that kind of a funding. I mean we passed the bill and it was under the assumption that this...we weren't going to...no one would come in and ask for General Funds for these purposes. And now it's saying you can come in for these purposes, but it specifically says not for Sarpy County. And then in the Governor's messages he refers to this bill.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 7

LB 1060 1061 1062

Is it his intent to make sure Sarpy County never can do this?

GERRY OLIGMUELLER: Well I think...what I've heard with regard to Sarpy County, at least at this point in time, is that they are pursuing designation as a federal...

SENATOR THOMPSON: Right,...

GERRY OLIGMUELLER: ...cemetery.

SENATOR THOMPSON: ...but I don't see how this connects to the Governor's request for some money for Box Butte County.

GERRY OLIGMUELLER: Well I think the...there's a provision in the bill that eliminates a...the preclusion of the use of state funds, that's the connection.

SENATOR THOMPSON: Okay. So just coincidentally, so if the county gets eliminated, even though they aren't necessarily...

GERRY OLIGMUELLER: And I'm not familiar with that provision of the bill, Senator, I'd have to look at it.

SENATOR THOMPSON: I'd be happy to give you a copy of that; it's probably not your doings, but I wanted for the record that apparent...thank you.

GERRY OLIGMUELLER: Yeah, thanks.

SENATOR THOMPSON: A second question.

SENATOR D. PEDERSON: Yes.

SENATOR THOMPSON: Okay the second question I have is on the third page of your testimony and, you know, we understand, we've been briefed on this particular issue and it has to do with the Vacant Building and Excess Land Cash Fund and paying for York and having anticipated that some funds would be available and now they're not, so this is going to set it back what we normally would have done with this fund now the four years, five years, three years, three years. Do you have any concerns about, you know, I think that was kind of a collaborative agreement when times were tough. And

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 8

LB 1060 1061 1062

looking back we didn't think we'd be in this spot with it this year?

GERRY OLIGMUELLER: Well it was based at that time on a schedule of estimated sales of property that would provide cash to that fund. And that schedule and the amounts have not kept...

SENATOR THOMPSON: Right.

GERRY OLIGMUELLER: ...up with that original estimate. So this is just simply a recognition that there may be greater time involved in being able to meet the commitment to those capital projects that was originally estimated. So, I mean, a lot depends on what kind of sales occur from this point into the future, but yes it could...

SENATOR THOMPSON: So I guess what you're...

GERRY OLIGMUELLER: ...it could delay use of the money in the Vacant Building Land Fund for another purpose.

SENATOR THOMPSON: So if those proposed sales do go forward then you would pursue the vacant building demolitions that we hoped would be on schedule?

GERRY OLIGMUELLER: Yeah, yeah. There's another issue that has to be monitored in that regard and that would be the investment earnings in the Nebraska Capital Construction Fund could help with this obligation.

SENATOR THOMPSON: The York obligation?

GERRY OLIGMUELLER: The money needed for the York obligations.

SENATOR THOMPSON: So when will we know that?

GERRY OLIGMUELLER: Well I mean we could give you an estimate at any point in time to give you some idea, so if you want another look at that later in February, prior to finalizing recommendations, we can do that.

SENATOR THOMPSON: Yeah, that would be great. Thank you.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 9

LB 1060 1061 1062

SENATOR D. PEDERSON: Okay any other questions? Chris.

SENATOR BEUTLER: Good afternoon, Gerry. On page 32 there is some intent language at the bottom relating to the Board of Regents. It's intended that they obtain and utilize 3 million dollars of revenue from the University of Nebraska Trust Fund in order to address the cost of environmental cleanup out at Mead. What is the University of Nebraska Trust Fund?

GERRY OLIGMUELLER: The trust fund, the university gets a state appropriation from us and then they would have available to them from whatever resources they have as far as income, monies that could be available to them in the trust.

SENATOR BEUTLER: I'm just not remembering that.

GERRY OLIGMUELLER: As far as specifics of sort...as far as specific sources, I'd probably have to get you some detail. One of the sources could be money from the Environmental Trust Application for funding for the cleanup at Mead, for example. So we were trying to construct the language there that allowed them to receipt money as a result of the successful application to the Environmental Trust Fund Board or to make use of any other monies that might be available to the university for purposes of that cleanup. So it's intended to be broad language.

SENATOR BEUTLER: Okay. So your budget makes the assumption that they will get the money from the Environmental Trust Fund? It doesn't...

GERRY OLIGMUELLER: At least in part, yes.

SENATOR BEUTLER: How much is provided in the budget for the Mead cleanup that is not from the...that's not anticipated to be from the Environmental Trust Fund?

GERRY OLIGMUELLER: This is the total of what we've provided by way of our recommendation for the university at this time.

SENATOR BEUTLER: From the trust fund, Environmental Trust Fund?

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 10

LB 1060 1061 1062

GERRY OLIGMUELLER: Right, right.

SENATOR BEUTLER: Okay. And what if it doesn't quality under the criteria of the Environmental Trust Fund as much as you might like it to?

GERRY OLIGMUELLER: Well I think perhaps...

SENATOR BEUTLER: Would you...are you intending...would you intend that we should then provide General Funds for that or...

GERRY OLIGMUELLER: We'd have to look for other sources, General Funds would be one. I'd probably address the question to the university as well, what other sources might be available.

SENATOR BEUTLER: Okay. And the same is true of the DEQ...

GERRY OLIGMUELLER: Correct.

SENATOR BEUTLER: ...appropriation that's handled in the same fashion?

GERRY OLIGMUELLER: Correct. Their alternatives probably are more limited than the university's as far as an alternative source.

SENATOR BEUTLER: Okay. On page 82, line 13, the approved two million dollar appropriation there is for projects deemed eligible by the Department of Natural Resources. So is this where the money for the Bostwick purchase or lease is anticipated to come from?

GERRY OLIGMUELLER: I think at the time the recommendation was offered, I'm not certain Bostwick was a consideration, but this would be the area of the budget from which that match would come.

SENATOR BEUTLER: Okay. And under this language could the money be used to pay irrigators not to irrigate?

GERRY OLIGMUELLER: I believe so.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 11

LB 1060 1061 1062

SENATOR BEUTLER: Pardon me?

GERRY OLIGMUELLER: I believe it could be based on the language, on the face of the language.

SENATOR BEUTLER: Do you intend that it should be or could be used for that purpose?

GERRY OLIGMUELLER: Well I think at the time we prepared our recommendation certainly there was much influx with regards to exactly what would be the preferred solution with regards to these issues. So I think it's to be determined its specific use.

SENATOR BEUTLER: Okay. Is that...

GERRY OLIGMUELLER: We've got a total of about 3.2 million dollars new appropriations in the Department of Natural Resources which...

SENATOR BEUTLER: Okay so there's another 1.5 million dollars that you...

GERRY OLIGMUELLER: That's primarily related to things on the operational side of the department--staff and studies.

SENATOR BEUTLER: Okay. Is that additional money restricted in any way with regard to the use of the funds?

GERRY OLIGMUELLER: No.

SENATOR BEUTLER: Where is that in your budget?

GERRY OLIGMUELLER: The page you're on was...

SENATOR BEUTLER: Eighty-two.

GERRY OLIGMUELLER: Eighty-two. It's part of Section, the very previous page 81, bottom of that page.

SENATOR BEUTLER: All right. Then on page 83 at the bottom it says the Nebraska Environmental Trust Board shall prioritize in its grant award process for certain years' activities for soil remediation. And you say shall prioritize. Does that mean they can put them at the top or



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 12

LB 1060 1061 1062

that they can put them at the bottom, or do you mean...are you...

GERRY OLIGMUELLER: Our preference is that they...

SENATOR BEUTLER: I mean this language isn't going to direct them legally to do anything.

GERRY OLIGMUELLER: Right.

SENATOR BEUTLER: So why is it here?

GERRY OLIGMUELLER: The...you'll recall it is to suggest that it be given a high priority. In earlier sessions we actually had language which made a direct transfer from the Environmental Trust in support of activities of remediation. The intent this year was to strongly suggest a high priority on the part of the Environmental Trust Board for our purpose, which is actually outlined in their statutes with regard to granting of awards, which is remediation.

SENATOR BEUTLER: Okay. On page 48, lines 10 through 12, there is some reduction in the Nebraska Capitol Commission appropriation, from 500 to 156,000, or at least it appears to be a reduction. Is that offset someplace else or is that a reduction and, if so, why?

GERRY OLIGMUELLER: It's a reduction that is offset by a like increase to address utility cost increases related to the Capitol building. So it's an internal redirection within the Capitol Commission budget to finance increased utility costs. I'll address that when I talk about Administrative Services as well.

SENATOR BEUTLER: When you talk about what? I'm sorry.

GERRY OLIGMUELLER: When I come back and testify later about the Department of Administrative Services I'll hit on that as well.

SENATOR BEUTLER: Okay. Is that the same appropriation, the one you're reducing here, is that the same appropriation related to the East Capitol Mall?

GERRY OLIGMUELLER: It's Program 901, which is Internal

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 13

LB 1060 1061 1062

Capitol Improvements, so it's...

SENATOR BEUTLER: Internal Capitol Improvements?

GERRY OLIGMUELLER: Yes, so it'd be money that is used consistent with the master plan the Capitol Commission has for renovations and improvements of the like.

SENATOR BEUTLER: Okay. The funding that we set aside for the East Capitol Mall should...

GERRY OLIGMUELLER: It's that...

SENATOR BEUTLER: That's in a different place.

GERRY OLIGMUELLER: ...same program, but that funding is, I think, a \$750,000 appropriation in '06, \$250,000 of which was corrected out, the acquisitions and property on the east mall.

SENATOR BEUTLER: Okay. Thank you, Mr. Chairman.

GERRY OLIGMUELLER: So it's striking it in a different year, '07; the reduction is in '07; the add is in '06 for utilities. That's what is going on there.

SENATOR D. PEDERSON: Are there other questions of Mr. Oligmuller? I have a question. I received and I think the other members of this committee received a request from the Attorney General, I don't know if you're familiar with that, and it's to make some modifications in LB 1061, as it said, to conform to the standards of GASB. And are you familiar with the fact that there has been that request made?

GERRY OLIGMUELLER: Yes.

SENATOR D. PEDERSON: Okay. I might say that we've...I've asked our Fiscal Office, Scott Danigole, to check the requirements of general accounting standards. And I might have him come share with you his findings in that regard.

GERRY OLIGMUELLER: That would be fine.

SENATOR D. PEDERSON: Would that be okay?

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 14

LB 1060 1061 1062

GERRY OLIGMUELLER: That would be fine. I'm not...I understand the request, I'm not certain that it's necessary and my...

SENATOR D. PEDERSON: Well that's why I wanted...

GERRY OLIGMUELLER: My concern would be that if the state is in receipt of money to be used in a general way to finance operations of the Attorney General's Office that it should be in the Cash Settlement Fund as opposed to the Trust Fund, which isn't currently subject to your review and appropriation. So I would just be careful of that. And inserting the terminology offered doesn't create an opportunity to place money in trust that should be on the cash side of their budget.

SENATOR D. PEDERSON: Okay. Do you mind if Scott testifies at this time...

GERRY OLIGMUELLER: That would be great.

SENATOR D. PEDERSON: ...just to clarify the issue for us? Scott, you want to approach and give your name and so forth.

SCOTT DANIGOLE: Good afternoon, Senators. For the record my name is Scott Danigole, that's D-a-n-i-g-o-l-e. At issue is the Attorney General's request to strike, in several places, the word "specific" in LB 1061. In reading from the Government Accounting Standards Board language I will quote here, this is from the most current GASB regulations. The use of private purpose trust funds normally should be limited to situations where specific benefits accrue to specific individuals, organizations or governments. And as you see from the written testimony submitted by the Attorney General (Exhibit 3), the request to remove the word "specific", according to their statement, that would...removal of the word "specific" would more closely mirror the language in Governmental Accounting Standards Board, 34. What I read to you is an excerpt from that document which does include the word "specific" in two places.

SENATOR D. PEDERSON: So what's your conclusion as to the request?

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 15

LB 1060 1061 1062, 1131

SCOTT DANIGOLE: My conclusion is the word "specific" keeps LB 1061 in harmony with GASB 34.

SENATOR D. PEDERSON: So from your examination you would not strike the word "specific" as requested by the Attorney General, is that correct?

SCOTT DANIGOLE: That's correct.

SENATOR D. PEDERSON: All right. Then I will ask to have the request of the Attorney General made a part of this hearing so that we have that in front of us. Any questions of Mr. Danigole? Okay thank you.

SCOTT DANIGOLE: Thank you.

SENATOR D. PEDERSON: Any other testimony in respect to the three bills that we have just been hearing? Okay there being no further testimony, we close the hearing on the first three legislative bills in this case and turn to Agency 75, Nebraska Investment Council.

(AGENCY HEARINGS - NOT TRANSCRIBED)

SENATOR D. PEDERSON: Turn to LB 1131, Senator Beutler.

LB 1131

SENATOR BEUTLER: (Exhibit 1, 2, 3, 4) Kyle, if you could help me, I got a couple of handouts. Mr. Chairman and members of the committee, this bill works with an idea that you and I have talked about before and which you've been kind enough, to a certain extent, to put into statute to go into effect next year and start what might be considered a bit of an experiment. The basic idea is to create multiple constituencies interested in preserving a substantial sum in the Cash Reserve Fund. As you know I am a believer, and I think most of you are a believer in having a sizable reserve fund. As most of you know the history of the reserve, from its initiation in the middle eighties...in the mid-1980's until now, has not been a history of maintaining an adequate Reserve Fund, but it's a maturing process. And what I'm asking you to consider is taking that idea of the Cash

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 16

LB 1131

Reserve Fund one step higher in terms of focusing on it and trying to establish mechanisms that keep an adequate amount in that fund. So under the bill, under the Cash Reserve Fund right now the interest from that Reserve Fund goes into the Building Renewal Fund, all of it goes there. What I am suggesting today is not any allocations of new money but the reallocation of that interest from the Cash Reserve Fund to various uses. And the idea first came upon me when we started talking about the masonry project for the Capitol Building and the possibility of accelerating the construction of the masonry project for the purpose of paying much less overall if we could do it in a shorter period of time. Well doing that would take more General Funds in the short-term. But one way of doing that might be to, instead of having all of the interest from the Cash Reserve Fund going to the Building Renewal Fund, to have a portion of it go to the State Capitol Masonry Restoration Project. And in this bill that's one of several suggestions that are thrown out there for your consideration. Six million dollars a year off the top of that fund would go into the masonry project until June 30 of 2015. Then after that 3 million dollars would continue to go to the Capitol Building and the Capitol environs, and 3 million dollars would be returned to the use of the Building Renewal Fund. Then there is a provision in the bill for excess monies that may exist from year to year and it apportions out those excess monies, 55 percent to the Building Renewal Fund, 15 percent to the Supreme Court Automation Cash Fund, 15 percent to MIRF, and 15 percent to the Cultural Preservation Endowment Fund for five years and then to the School Scholarship Fund. All of these uses, I think, are good uses and they are designed to serve as examples of what you or I might be able to do with the interest in the Cash Reserve Fund and do in such a way that there would be a broad and deep interest in the principle amount of the Cash Reserve Fund because of the interest coming from it. The Supreme Court Automation Fund was an item I put in there because of concerns by Senator Synowiecki and others with Supreme Court automation and probation uses. MIRF is a fund that we've cut down in the past, and the funding for that has been less than what we would like, so that was one suggestion. And then the Cultural Preservation Fund, I'll talk more about that with respect to another bill. But this is again viewed by me as a kind of stabilizing mechanism. Again it creates no new funding, it is simply a reallocation

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 17

LB 1131

of interest to different uses. And I'm certainly open to whatever uses you might think are most appropriate for a fund like the Cash Reserve Fund which will in fact vary from year to year and will vary substantially, but which has the power and the ability to put substantial amounts of money into good enterprises of one type or another when, in those periods of time we do have adequate revenues to do that sort of thing. So there are a number of other things, if the committee wishes to engage in the dialogue, that we could look at--the remedial action at Mead, or the remedial action that DEQ has to bring about one way or another, that might be a use of this mechanism in part. And there are different ways of structuring it. And I don't have any idea set in stone. What I wanted to do was get the idea out there for you all to think about and, if you thought it was worthwhile, to play around with different ideas that might...for which this mechanism might be a very useful type of mechanism. Then we can reach a point, hopefully, as a committee where we might succeed in doing two things successfully, one funding a number of things that we need to fund, and two, in that process and by that process reinforcing the Cash Reserve Fund and the consciousness on everybody's part of various reasons to keep the Cash Reserve Fund at an adequate level. So I think with that I would stop and entertain questions because you've heard me talk about that a little bit, you've heard me talk about this before. I did pass around a sheet that shows you what kind of money would likely be available if the Cash Reserve Fund were at certain levels. And you can look on there and see how the money would be divided out under the bill. That should give you a fairly clear idea of that. Beyond that I think I will stop, Mr. Chairman.

SENATOR D. PEDERSON: Okay. Senator Price.

SENATOR PRICE: Having been around just a few years, as you have, what do you consider in the years past, since I've just served on the committee not three years, as just a basic Cash Reserve balance, just a basic? And what would you desire it to be?

SENATOR BEUTLER: Well I...

SENATOR PRICE: I'm just kind of putting you on the spot.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 18

LB 1131

SENATOR BEUTLER: Sure. I have...I've had different thoughts of it from time to time, and you and I, all of us here have had some different opinions. First of all to tell you historically it's, I think, the highest it's ever been, it's about 180 million dollars, right in there. That amount, as you know from Mike Calvert's analysis, would not have been enough, nearly enough, not half enough to have gotten us through the last bad recession without having to increase taxes or make draconian cuts. Mike's analysis suggested that something at the 580 million dollars level is what would be needed. Right now in the Cash Reserve Fund, as is projected in the future, it will be about 400,000 dollars. That 400,000 dollars, if I'm thinking of it...400,000 dollars...400 million dollars, that 400 million dollars, if I'm thinking of it correctly, allows us, and correct me if I'm wrong, Mike, that allows us to make the property tax cut, but not the other two tax cuts. So if we choose to make the property tax cut, but not the Governor's other two, then we end up with a reserve...we're going to end up with a reserve in the neighborhood of 400 million dollars.

SENATOR PRICE: Okay, thank you.

SENATOR D. PEDERSON: Nancy.

SENATOR THOMPSON: Is your interest in not using this to fund the Building Renewal Fund because you think that's politically weaker? I mean there are needs in the building renewal category.

SENATOR BEUTLER: No I think it's strong. I'm looking for a broader interest. The Building Renewal Fund, I think, has about 22 million dollars available to it now. Probably you would have to...I would be interested in your opinion. Maybe that's still not enough to do everything that needs to be done by a long shot. But there are other things that we may judge to be nearly important or as important, and those things would bring in other people and a broader constituency to the effort not only to keep their funds, but in order to keep the Building Renewal Funds because, remember, none of this money went to building renewal, it's still not going there until January 1, 2007. But currently none of that money went to building renewal, it went to the General Fund. So it's all gain to the Building Renewal



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 19

LB 1131

Fund.

SENATOR THOMPSON: Lots of things should be happening in the state buildings. There may be some capacity issues that would be a whole different ball game with that additional funding. But I just...

SENATOR BEUTLER: I'm open on all of this, period.

SENATOR THOMPSON: Okay.

SENATOR BEUTLER: I look forward to the discussion with you all.

SENATOR THOMPSON: I guess having been through the ugly years of that fund, and hearing from the previous senator who worried about...and when Dan Lynch was here he had nothing for awhile to work with in that. Eliminating that first year, if I'm reading this correctly, to put it all into the Capitol masonry project kind of worries me. But, you know, I'm willing to work with you on that.

SENATOR BEUTLER: Okay. Well another thing you might do there, Nancy, is that I put in all the money,...

SENATOR THOMPSON: I know.

SENATOR BEUTLER: ...6 million dollars a year; we've already appropriated about 3 million dollars a year to that. So maybe the thing to do would be to drop it down to 3 million dollars and add that to what we've been paying out in General Funds and get it...give that much priority to it.

SENATOR THOMPSON: Okay just curious. Thank you.

SENATOR D. PEDERSON: Okay other comments or questions? Well this is something that we will have to think about. There is certainly no end of possibilities of places money could be dedicated, (laugh) I mean I could think of two dozen now.

SENATOR BEUTLER: The possibility is endless; didn't I hear that someplace before?

SENATOR D. PEDERSON: Yeah they are, so I mean we're playing

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 20

LB 1131

a selective Santa Claus here to a certain extent.  
(Laughter)

SENATOR BEUTLER: That is the role of the Appropriations Committee in my view, Mr. Chairman. (Laughter).

SENATOR D. PEDERSON: Usually it has horns and a pitchfork, but this year we can be generous; next year we'll be back at the same old thing. Thank you. Any other testimony on...anybody else in favor of LB 1131 who would like to testify? Anyone opposed to LB 1131?

CARNA PFEIL: (Exhibit 5) Senator Pederson and members of the Appropriations Committee, I'm Carna Pfeil, C-a-r-n-a P-f-e-i-l, and I'm with the Coordinating Commission, and we're here to support the bill. It lists the need-based financial aid program as one of the recipients in the future, and we are always appreciative of any bill that provides more money for our needy students. Right now the need-based program serves about 42 percent of the needy kids that are out there; that leaves about 58 percent that aren't being taken care of, and they have a collective need for financial aid of about 100 million dollars. So we still have a long ways to go. Right now we're about 38th in the country in state funds for needy students. So we appreciate any bill that will provide additional money. And, as you know, we come before the Appropriations Committee on a regular basis to ask for more money for our needy students. So we are very supportive of this bill and that's all I have. Thank you.

SENATOR D. PEDERSON: You know that by previous action this committee has recommended 1,200,000 dollars additional to that particular fund?

CARNA PFEIL: And we will be here next week to thank you profusely for that because our needy students really need that. But anytime that there is another place for our students to receive more financial aid, we are appreciative of that, so thank you.

SENATOR D. PEDERSON: Okay thank you. Any other testimony? A familiar face here.

JANE HOOD: (Exhibit 6) I'm Jane Hood with the Nebraska

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 21

LB 1131

Humanities Council. And on behalf of the Nebraska Humanities Council we would like to testify briefly in favor of LB 1131. We're very grateful to Senator Beutler for including the Cultural Preservation Endowment Fund as part of this. I'll speaking at more length during the testimony on the next bill to appear before this committee on how that fund has benefitted the Humanities Council.

SENATOR D. PEDERSON: You're suggesting you'd be willing to accept any money as it would come to you from any funds? That's correct. (Laugh)

JANE HOOD: Yes.

SENATOR D. PEDERSON: Thank you. Any other questions of Jane? I thought we might hear from the Arts Council. Just a wild guess.

SUZANNE WISE: I'm Suzanne Wise, W-i-s-e. I'm the Executive Director of the Nebraska Arts Council and I, too, am testifying in favor of LB 1131. I will be handing out some information for another bill that will be in front of you today about how well the cultural endowment works. And I think the concept of having kind of a savings account that you just draw interest from and it has to have, in our case, a private match, really does work. And so again we are also grateful to Senator Beutler that he thought about the arts and humanities when he crafted this bill. And yes, we will be happy to take whatever earnings would come our way. Thank you.

SENATOR D. PEDERSON: Thank you, Suzanne. Anyone else that would like to testify on this bill, in favor of the bill? Is there anyone opposed to this bill? Who would even think of that? Is there any neutral testimony? If not, now I will close the hearing on LB 1131. Senator Beutler, would you like to conclude, or do you want to talk about your next bill?

SENATOR BEUTLER: I'll just talk about the next bill, Mr. Chairman.

SENATOR D. PEDERSON: Okay. LB 931, open the hearing on that.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 22

LB 931

LB 931

SENATOR BEUTLER: LB 931, Mr. Chairman, members of the committee, would add 5 million dollars to the Cultural Preservation Endowment Fund. And I wish to thank Senators Kruse, Price and Thompson right off the bat for cosponsoring the bill with me, among others. The Cultural Endowment...Cultural Preservation Endowment Fund was created a few years ago. It was created at the million...at the level of 5 million dollars. And the mechanism as I remember it or understand it was that we put 5 million dollars into the endowment; that endowment earned interest; when it earned interest that interest was turned over to a cash fund 70 percent of which was controlled by the Arts Council, and 30 percent by the Humanities Council. And that money could not be spent however until other funds, private funds were raised on a dollar-per-dollar match. And that idea has worked very successfully, and I'll let others tell you how successfully it has in fact worked. That initial transfer was back in 1998. As I understand it Governor Johanns, at that time, intended to make further transfers, but the economy went south on us all, and the additional transfer was never made. So this bill adds the second 5 million dollars. It retains the dollar-per-dollar match requirement; it's split this time 50-50 between the new money as spent; doesn't effect the old money but the new money is split 50-50 between the Arts Council and the Humanities Council per agreement between those two groups. And here's part of the reason that I was so interested in the bill, because it starts to mix together a couple of ideas that I know Senator Synowiecki and myself think should be mixed together, and that is the idea of economic development, the idea of tourism as a part of economic development, and then adding into there the component of arts and humanities projects directed and aligned with and used with and for the purpose of economic development. I think that all of us can think of powerful art projects that have, from time to time and place to place and in different states, have been enormous economic boons to people who have been clever enough and planned enough and worked things together enough to get them done. The Gates Project, in New York City a year ago, brought literally millions of people into New York City to see a one-time exhibit in

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 23

LB 931

February in Central Park of these gates, thousands of them, orange colored gates in Central Park, a very famous arts project. But they tied it into economic development and the end result was they made a lot of money. So there are a lot of things I think we can do in Nebraska if we put our arts people to work with our private sector, with our economic development people. And in the bill I tried my best to give that some meaning by saying that this particular portion of the money that we're putting in now should be used to enhance economic development throughout the state, with emphasis on encouraging out of state visitors to come to the state, and on encouraging out of state travelers who are traveling through the state to take side excursions within the state. The archway, activities related to Qwest Center in Omaha, related to Joslyn, related to MONA out in the Grand Island (sic: Kearney) area, relating to Sheldon Art Gallery, there are all sorts of building blocks that we have here that we can add to in terms of the arts and the humanities programs and projects that can really put us into the business of a comprehensive look at economic development. And I think it would relate...it's going to relate big time to tourism. I'll let others get into the history of the fund and what they've been doing so far. That, Mr. Chairman, is all I wanted to relate to you.

SENATOR D. PEDERSON: Thank you. Any questions of Senator Beutler? I think it should probably be said that MONA is in Kearney, not in Grand Island.

SENATOR BEUTLER: Oh.

SENATOR D. PEDERSON: Unless they've moved it, I think it's there.

SENATOR BEUTLER: I beg their pardon.

SENATOR D. PEDERSON: Other questions of Senator Beutler?

SENATOR ENGEL: I remember in 1998, I think it was because of LaVon Crosby we got that 5 million dollars, didn't we? Wasn't that when that occurred (inaudible)?

SENATOR BEUTLER: Yes, and LaVon said she supported this bill very strongly and that Senator Engel should most certainly be supportive of it.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 24

LB 931

SENATOR ENGEL: Yes you're right, she's absolutely right.

SENATOR D. PEDERSON: Nancy.

SENATOR THOMPSON: Just kind of thinking of this from a policy perspective, so the first consideration was to encourage the growth of local interest in the arts and councils to strike them. Do you...and this is now a new (inaudible) for economic development. And maybe the people who follow you can answer this. Have we reached our first objective? Should all of this be directed to economic...I mean why...is your...I sort of...I understand what you're saying, it all should be...is that because we accomplished the rest or...

SENATOR BEUTLER: I think that's a fair question. And obviously broad based education has been one of the primary purposes of the first infusion of funds. And, Senator, I was focused on my objective and I didn't ask that question. And I wish you would ask those who come later, although I'm...in my mind there's...even though your primary objective might be economic development, they're going...it's going to be...

SENATOR THOMPSON: Residual effect.

SENATOR BEUTLER: It's going to have an enormous residual effect, right?

SENATOR THOMPSON: Okay.

SENATOR D. PEDERSON: Any other questions of the Senator?

SENATOR THOMPSON: You know some smaller community having done some of this stuff at the local level, it's kind of a fine line of whether you can demonstrate that those things that you're doing in your community really attract outside visitors. I mean on the lodging tax side there has always been a tension between, in some communities, between what attracts visitors and what is just a local enhancement. And that's why I just worry this might be too strict.

SENATOR BEUTLER: As you're probably aware, I had another bill I had called Nebraska Treasures where my suggestion was

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 25

LB 931

to focus some money, not all the money, but to take some money and focus on the big things, the things that will really pull people in. And I'm still prejudiced to some extent, too, to the idea of having some focus to these things. And I don't know how this money will be handled, but it has really no different problem than our larger problem with economic incentives generally, and business incentives are...there are so many of them out there that you and I know one can make a different judgment; reasonable people can make differing judgments about whether this or that incentive was really required in order to bring this or that business into the state for example.

SENATOR D. PEDERSON: Any other questions? Thank you.  
Other proponents?

SUZANNE WISE: (Exhibit 1, 2) Good afternoon, Senator. Again I am Suzanne Wise, W-i-s-e. I am the Executive Director of the Nebraska Arts Council and I am here to testify in favor of LB 931 which proposes to allocate an additional 5 million dollars into the Nebraska Cultural Preservation Endowment Fund. And my reason for supporting this bill is really twofold. First, as you can see from the handout I passed out, the mechanism for having a savings account for the arts and humanities, which can only be accessed with matches from private donations, work. During the recent nationwide economic downturn, of which you are intimately familiar trying to keep this state afloat, several cultural trusts were decimated or dismantled entirely. Our cultural endowment and New Jersey's, which by the way was patterned after our cultural endowment, survived and thrived and did a lot to keep our cultural organizations large and small solvent and contributing to our state's economy, quality of life and educational infrastructure. I sincerely believe this is because our system is a partnership between the state of Nebraska and its citizens. To date the Nebraska Cultural Endowment has raised 3.5 million dollars to match the earnings generated that are currently in the Cultural Preservation Endowment Fund. And the handout, I think, gives you a snapshot at least of what the Arts Council has been able to do. Basically it's a continuation of having additional funds to support the cultural organizations that receive annual operating support and also to enhance arts education. And so there is a lot of projects that we've been able to accomplish in arts



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 26

LB 931

education because of the Cultural Preservation Endowment Fund. Secondly, I believe that this same mechanism can be used to boost our state's third largest economy, tourism, and the accompanying economic development as outlined in this bill. I think most of you saw the article in yesterday's World-Herald that...in the Living Section, and it's a good illustration, I think, of why this bill is important. Examine what it takes to keep young people in Omaha and a solid cultural infrastructure and enhanced urban environment are the key to that retention. And the same factors, I think, are true in other Nebraska communities. This article was written in response to the fact that Richard Florida, Hurst professor of the School of Public Policy at George Mason University, will be speaking in Omaha this Friday on his theories of economic development. In his book, The Rise of the Creative Class, Mr. Florida examines what factors it takes to retain young people that spur economic growth. He found that lifestyle frequently trumps salaries, where people determine they'd like to live is more important. Places that have social interaction diversity and authenticity are important to him. And I'd just like to read you a brief snippet of what he defines as authenticity and I think we will all see our hometowns in this. Places are valued for authenticity and uniqueness. Authenticity comes from several aspects of a community--historic buildings, established neighborhoods, a unique music scene or specific cultural attributes, it comes from the mix from urban grid alongside renovated buildings, from the commingling of young and old, longtime neighborhood characters and yuppies, fashion models, I don't know how many of those we have in Nebraska, but...and bag ladies, we have a few of those. (Laughter) People in my interviews and focus groups often define authenticity as the opposition of generic, they equate authentic with being real. And in a place that has real buildings, real people and real history. An authentic place also offers unique and original experiences, thus a place full of chain stores, chain restaurants and nightclubs is not authentic. Not only do these venues look pretty much the same everywhere, but they offer the same experience you could have anywhere. So the concept of authenticity is also what tourism research is finding to be true about factors that attract tourists. Therefore I feel that Nebraska, being authentic to a certain extent, has a way of capturing that both in terms of specific economic development to retain citizens but also in

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 27

LB 931

terms of its cultural tourism value. A number of years ago, the city manager of South Sioux City called me inquiring whether or not the Arts Council had funds available to help the city purchase a state of the art signage system. I told him he could apply in our project grant category for a maximum of \$5,000 and also cautioned him that the competition in that category is fierce. I indicated to him that while the signage system designed as a component of a professionally developed urban development plan would probably qualify for funding, it might not be as compelling as a grant to the Grant Review Committee as a project that provided after school arts projects for low income children, and this is primarily because the pool of grant funds that we have is so small and so highly competitive. Given the challenges that the city manager faced putting this financial package together, he felt it probably was not cost-effective to make an application to the Arts Council for such a small amount. I don't know the final outcome of that project, but the frustration I felt at the time in not having adequate resources to really make a difference in projects such as this continues. If the provisions of this bill become a reality the Arts Council will be able to create a substantial pool of grant funds that could support a wide range of community enhancements, such as gatewayed signage, public art, town square redesigns and other such projects that make a community capitalize on its authenticity. In addition, communities that wish to host seasonal events that include cultural activities would also have a better chance of developing projects that have a substance and draw from visitors outside of the community because they will be able to draw in more headline acts. The other handout I have provides for you...gives you some interesting facts about cultural tourism that I think bodes well for Nebraska communities. Earnings from the provisions outlined in LB 931 would insure that a substantial pool of funds are available and that can make a difference. The cost of investing in community cultural activities continues to escalate. Ten years ago a life-size bronze sculpture carried a price tag of \$100,000, today that figure is \$200,000; a \$20,000 grant from the Arts Council, rather than a \$5,000 grant, would make a huge difference in determining whether or not a community could marshal the resources required to make a courthouse square with a work of art or contract with a nationally known performer to headline an annual festival. When the Arts Council commissioned a study

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 28

LB 931

of the arts in Nebraska in 2000, the multiplier for the impact of cultural activity in a community was \$2.11. So for every \$1 spent attending a cultural event \$2.11 entered into the community's economy, clearly supporting projects that enhance economic development through cultural tourism make good sense. As you are aware, Arts Council grants must be matched from private sources and are examined by a group of professionals before recommendations are made for funding. This process ensures that only the very best projects receive funding. Currently the Nebraska Arts Council has only \$61,000 annually to allocate for projects such as what we've been talking about here. The maximum request is \$5,000 and the competition for those funds is extremely competitive. Generally for every \$10 requested we have only \$1 to give. With the great success we've experienced with the Cultural Preservation Endowment Fund in enhancing arts education and stabilizing Nebraska's cultural organizations, I believe this bill can do the same for improving Nebraska's economic climate. Thank you.

SENATOR D. PEDERSON: Any questions for Suzanne?

SENATOR THOMPSON: I'm just going to ask you the question I asked Chris. Do you feel like...obviously you're testifying for it as it's written..

SUZANNE WISE: Um-hum.

SENATOR THOMPSON: But do you feel...is this one of those situations where the money can, by definition, enhance the local Arts Council's efforts in economic development status rather than before when it was more general, or I guess my question would be, are we better off just doubling the fund as it currently is, or putting in the restricted language for economic development and retracting tourists from outside the state?

SUZANNE WISE: I think we'd be happy either way. I think that if we talk about the politics of the situation, I think in the current climate, economic development issues really sell. To answer the question more specifically, a community arts council would continue to receive their annual operating support, but if they are involved in say a...developing a festival for that community and they wanted to bring in a headline event, they can apply for these types

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 29

LB 931

of funds and they would get the kind of funds that they would need to make it successful. Normally they would go through the same process that I described the city manager did, which is, what do you have in addition to what we normally get? I would say, well you can apply for our \$5,000 grants.

SENATOR THOMPSON: As the administrator of these funds, how would you know if out-of-state visitors...how would you measure that?

SUZANNE WISE: It would actually be part of the granting process, in other words the criteria for the funds, we would ask the applicant to answer those questions, one of which would be, okay, you're proposing this as an element for economic development for your community. You know, how will this project increase your tourism base? And often we will ask them for a time line that involves very specific proposals for marketing, and that's one area that we pay a lot of attention to is how an activity is marketed, because to us that's really the key to bringing in the visitors.

SENATOR THOMPSON: Okay, thank you.

SENATOR D. PEDERSON: Other questions of Suzanne? Suzanne, timing is kind of everything. I just realized, as looking at this bill, it was eight years ago that the 5 million dollars was put into that trust. And the appealing thing about this is that it's a one-shot deal.

SUZANNE WISE: Exactly.

SENATOR D. PEDERSON: It's not an ongoing thing. And the other appealing thing is that you have to raise matching money before you can utilize that. Now just for the information of the committee, there were several years that you couldn't get any money out of that because the stock market was busy going in the reverse direction. And so you didn't...the only way that you could utilize that would be by taking out principle of the 5 million dollars. Is that about right?

SUZANNE WISE: That's correct. And I will say that the Nebraska Cultural Endowment, which is the private entity that raises the private funds, has recommended that we do

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 30

LB 931

not withdraw earnings from the state side, unless it is above 5.5 million dollars, and that is to preserve the principle. What we have done at the Arts Council, when we're not sure what the earnings are going to be, we actually set aside a percentage that then rolls over into the next year so that at least we have a base to start with, with all of our arts organizations. They know ahead of time that they get a base level of funding, and then they know that the amount they get above that is really dependent on the earnings from the Cultural Endowment. I believe that I did talk to the board of the Nebraska Cultural Endowment and asked them if they were willing to continue to raise money to match this. And I believe you got a letter from the director of the Nebraska Cultural Endowment and, yes, they are willing to continue to work to raise the funds privately. I think one of the most gratifying things that I...in the handout was that we actually had private foundations in Omaha...and this has been in Omaha, who don't, by character, give money to endowments. However they've been so impressed with the work that the Cultural Endowment has been able to do that they've actually just given the Arts Council additional funds to support various activities, in this case long-term residencies at low income schools. So it's kind of a happy thing.

SENATOR D. PEDERSON: How many states right now have this sort of a cultural endowment?

SUZANNE WISE: There were at one time about nine states. And because of, as I mentioned in my testimony, I'd say at least half of those have fallen on hard times and have either been eliminated or the funds have gone elsewhere. In Missouri, for example, the state Legislature told the state Arts Council that they weren't going to fund them anymore and that they had to live off the cultural endowment. And now they have a legal fight because of the language between the Cultural Endowment and the state. So I'd say ones that are fully functioning well are the ones like ours that have this public-private partnership, and that would be about four.

SENATOR D. PEDERSON: Well I know that nationally people are impressed with this particular entity,...

SUZANNE WISE: They are.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 31

LB 931

SENATOR D. PEDERSON: ...and that they wish they had done it. Of course about the time that they got to thinking about doing it, the market started to go down, and then nobody was enthused about putting money into anything.

SUZANNE WISE: Well we're very proud of it. And I thank all of you for your support of it.

SENATOR D. PEDERSON: Thank you. Jim.

SENATOR CUDABACK: She touched on it, but my question was going to be, if we didn't get something like this, then the other side...other resources, so to speak, they wouldn't be let up or wouldn't let up on the, you know, other side and because we do that, I mean, (inaudible) easy path of least resistance, and it was...

SUZANNE WISE: That's right.

SENATOR CUDABACK: You have to make sure, I don't know how you would do that or how you would...

SUZANNE WISE: In terms of the resistance to raising funds?

SENATOR CUDABACK: Yeah, I mean however you want to call this match, how would you insure...or how would...

SUZANNE WISE: Well it's just part of the job of the Cultural Endowment to do that. I suspect if people decided they didn't want to give additional funding, then we can't draw the funds from stateside. I will tell you, and I cannot give you the specifics, but there is a major, and you'll probably know when I say major, foundation in Omaha that is very interested in helping the Cultural Endowment. And again it's one that cannot give money to the Cultural Endowment directly, but they are very interested in putting a substantial amount of money towards this cultural tourism idea. And I think if there's a partnership with the results of this bill, that will enhance what this private foundation would be able to do in terms of cultural tourism.

SENATOR CUDABACK: A so called natural whatever...

SUZANNE WISE: Yeah, it's kind of a round about match, but

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 32

LB 931

again the board of directors of this major Omaha foundation have been impressed with the Cultural Endowment and would like to help within the structures of what they are able to do.

SENATOR D. PEDERSON: The Endowment Trust itself kind of started with the motivation that the federal government, which had been funding a lot of these things, were kind of a very weak partner in this with the idea that it was probably going to go downhill, and it has gone downhill. And so you've been able to, as I understand it, been able to maintain the quality of your program by the fact that you actually got the trust started before all of that occurred.

SUZANNE WISE: That's correct, that's correct.

SENATOR D. PEDERSON: Okay.

SUZANNE WISE: And then we don't bug you for so much money either.

SENATOR D. PEDERSON: Oh yes you do. (Laughter) Anything else, Suzanne?

SUZANNE WISE: No. Any other questions?

SENATOR D. PEDERSON: No.

SUZANNE WISE: Thank you.

SENATOR D. PEDERSON: Jane.

JANE HOOD: (Exhibit 3) I'm Jane Hood with the Nebraska Humanities Council and I'd like to echo what Suzanne said about thanking you for the support of the Nebraska Cultural Preservation Endowment Fund. Many of you were here in 1998 when that was passed. And in the blue packets that were passed around is a graph that looks like this, that shows you what impact the cultural endowment has had since we started being able to draw funds down from the state side, the programming that the Humanities Council has been able to do, particularly through its grants programs, its speakers bureau, its Chautauqua, and also at the bottom a range of...and this sort of gets back to what Senator Thompson's question was about earlier...a range of communities that



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 33

LB 931

have benefitted from the Nebraska Cultural Endowment funding. I'd like to talk a little bit more today about how tourism could be significantly affected if the Nebraska Arts Council and Nebraska Humanities Council were to benefit from this infusion of funds into the Cultural Preservation Fund. Tourism is the third largest industry in this state. Travelers spent over 2.9 billion dollars in Nebraska in 2004; and we really think the arts and humanities have tremendous potential for increasing this revenue for our state. In a 2005 study done by the U.S. Department of Commerce it revealed that nationally 81 percent of travelers were what they called cultural and heritage tourists; these are absolutely the best kind of tourists to attract to your state. They visit more places, they stay longer and they spend more money, and they want to come for heritage and culture. The value of the arts and humanities to package tours is also clear, especially as our boomer generation travels, we want to customize our own tours rather than taking the typical prepackaged tour. And according to the industry that focuses on package tours the top three preferences of these travelers are history and heritage, festivals and events, and culture, that's the top three reasons people will travel together. Most importantly the opportunity to learn is the fastest growing category of why people travel, with an increase of 35 percent since 2003. So travelers are looking for an experience that will better able them to understand the culture and the history of the place that they are visiting. And this is a trend that is not just for that boomer generation, it's also true for family travel. And the travel industry reports that, with the exception of hunting and fishing vacations, it's women who make the decisions about where the family is going to go. And they don't want to take their kids to another Worlds of Fun experience; they want to have their family go to a place that's both fun and educational. Nebraska is uniquely positioned to be able to take advantage of these trends if it uses the arts and the humanities. As Ted Eubanks said at the recent Governor's Conference on Agri-Tourism in Nebraska, the Great Plains are on the cusp of being appreciated with our natural environment that's undiscovered and inviting. And Dan Curran, head of the State Travel and Tourism, has urged that the state continue to build on that environment by selling Nebraska for what it is rather than trying to fabricate things. While the Nebraska Arts Council and the Nebraska Humanities Councils

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 34

LB 931

have grant programs to give to encourage cultural tourism, as Suzanne indicated to you, the amounts of money that we can give for that are very little; we average about \$3,000 a grant. And you just can't make a significant investment in something that is going to be a project that's going to encourage people to come from some distance, or encourage organizations to collaborate together, too, to put together a package that will encourage tourists to come. Earnings from the Enhanced Cultural Preservation Endowment Fund could provide the significant dollars required by cultural organizations to book performers, speakers, exhibitions or package cultural activities, produce festivals with regional and national draw. A one-time appropriation of 5 million dollars to the fund would earn between 250,000 dollars and 300,000 dollars annually, and enable the arts and humanities to be an effective partner in developing and enhancing cultural tourism. With these monies we could encourage regional and statewide collaboration to capitalize on Nebraska's natural resources for cultural tourism, we could encourage cultural organizations to tackle the big dream projects that will increase attendance or make a community a destination for tourists, we can encourage local organizations to develop projects that have really significant community participation in them using our best resource, friendly, open and knowledgeable Nebraskans to sell their communities and thus enhance the communities' reputation for a good life. I think Suzanne and I were both thrilled when we looked at the papers, the Sunday paper today and saw (one) the World-Herald, as she's shown you, encouraging culture as an important way to attract and retain our young citizens, as well as the Lincoln Journal Star, which had a literary map, and reminded me very much of a book that a friend of mine had given to me when she found out I was going to go to Lincoln or London rather, and it was Touring London by Great Authors, going to the places where the authors wrote, having a little snippet of what they wrote, suggesting something you might read before you get there; think of what we could do in Nebraska with this; it would just be a wonderful, wonderful lure. So we respectfully request your investment in Nebraska's economic future through the arts and the humanities. And I'd be happy to answer any questions that you might have giving you the humanities take on this question.

SENATOR D. PEDERSON: Jane, there are perhaps members of

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 35

LB 931

this committee that aren't familiar with the division between humanities and arts, what you do different from one another. Would you mind explaining that?

JANE HOOD: Well the shorthand way was always that the arts fund an organization to do it, we fund an organization to talk about it. That's not quite accurate. But, for example, with the arts projects that Suzanne was describing we might fund an opportunity to put together a brochure that tells people a little bit more about that public art, that lets people know where the public art is around in the community, something about the artists, talks a little bit about how they were influenced in their artwork so that, if a tourist coming to Lincoln for a public art exhibit or Omaha to a public art exhibit is interested in this, they can learn more, will stay a little bit longer, they'll be more interested in the community, and they're more likely to come back because they find out some really intriguing things about the community. The Arts Council funds new and emerging authors and the writing that they do. The Humanities Council funds programs that introduce and reintroduce Nebraskans and newcomers to our state to the kind of literary legacy we have, a very rich legacy that we have in this state of ours. For example, we have supported programs at the Cather Center, at the Sandoz Center, at the Neihardt Center that bring people in to better understand what the legacy of Willa Cather, or John Neihardt or Mari Sandoz is to our state. We've been thinking about doing something in 2007 that would...really applies to what Senator Beutler has proposed in here, and I think gives you a good illustration of how the arts and the humanities can work together in our respective spheres. In 2007 "One Book One Nebraska" is going to be Mari Sandoz Crazy Horse. You may have been involved, or your families, or your children last year when One Book One Nebraska was Cather's My Antonia. If we were to work with the Mari Sandoz Center in Chadron and they would be developing programs to encourage citizens around the state to be reading Mari Sandoz Crazy Horse, we could perhaps tie that in to what Opera Omaha is going to be doing also in 2007 with the opera that's being produced on the trial of Standing Bear, and encourage not only Nebraskans to be thinking about our Native American heritage here, but to be able to better understand that through the literature and the opera that's looking...that's exploring that heritage, to team up with the Neihardt

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 36

LB 931

(inaudible) which is going to (inaudible) the hero in Native American tradition and bring greater interest into Bancroft, a tiny town, but with a great literary center there. We could encourage Joslyn and its wonderful holdings of western art, and the Sheldon, and MONA with their holdings of Native American art, and the Center for Great Plains Study art collection, here in Lincoln, to all collaborate on encouraging not only our citizens to learn more about that heritage and to travel different places, to participate in it, but to draw tourists from the outside to look at how the arts and the humanities really illuminate that part of our lives and showcase Nebraska for some of the resources that we have here right now that people could enjoy.

SENATOR D. PEDERSON: One of the illustrations of your cultural background thing that I think probably brings it home as much as anything was when you did an exhibit, called "Barn Again" a couple of years ago, went all around the state and it showed the history and how barns within the state of Nebraska developed, ordinarily because of the cultural background in which the people came from that settled that part. So they built their barns like they did in Germany or in...

JANE HOOD: That's right, exactly, you had Danish barns, you had Czech barns. And I think what was wonderful about that too and gets to sort of the point that was being made in the World-Herald article, about keeping our young people here, was that so many of those sites that had the Barn Again exhibit worked closely with the schools. They had...I remember when we did this and it was in Gering, Scottsbluff, a sixth grade teacher there had her kids going out and interviewing the owners of barns in the surrounding area, tracing down who owned the barn, doing an interview with them, finding out when they came there and first began to farm or to ranch, putting together that history of that family, and how that barn had played a role in their farm history, and then putting those together in stories that they developed for a web site so that people could go to the school's web site and read about this. That really tied those young students, those sixth graders, to their community; it showed them what had created that community, the farmers and the ranchers that had moved there and settled there and created that community.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 37

LB 931, 1235

SENATOR D. PEDERSON: You have to hurry before the barns are torn down, don't you.

JANE HOOD: Yeah. We did one in Sarpy County Historical Society that collected pictures from Sarpy County because they didn't have an historic record of what had been there before all the tract houses came in. So it was a very important contribution to that area's history.

SENATOR D. PEDERSON: Jane, I want to thank you and Suzanne and Senator Beutler for staying within the time limits we talked about. Several years ago we had Julie Burnie was here, and she was Tinker Bell or something and it took a long time for that hearing, so we very much appreciate your presenta...you remember that? Yeah.

JANE HOOD: I don't think either of us are up to that today. (Laughter)

SENATOR D. PEDERSON: No, I know that. Suzanne is new, relatively. Thank you very much.

JANE HOOD: You're welcome, thank you.

SENATOR D. PEDERSON: Any other testimony in that regard? Otherwise I think that we will close the hearing. You want to close on that, Chris, or do you want to take your next bill?

SENATOR BEUTLER: Next bill.

SENATOR D. PEDERSON: Okay. Get us while there's still something in the treasury, Chris. (Laugh)

SENATOR BEUTLER: That's why I was glad you gave me an early hearing, Mr. Chairman.

SENATOR D. PEDERSON: We'll open the hearing now on LB 1235.

LB 1235

SENATOR BEUTLER: (Exhibit 1) Mr. Chairman, members of the committee, this particular bill would create a memorial on Centennial Mall to distinguish Nebraska poets and writers.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 38

LB 1235

And I don't know quite where to begin on this bill. As you can see by its number, it was filed very late and I filed it because there really was a confluence of several ideas that occurred to me that made it seem worth filing and worth discussing with you. The first and probably the most important thing in my mind is that I have enormous respect for Ted Kooser and for the honor that he has brought to this state. I mean this is something that will only happen to us maybe once in every several hundred years to have the Poet Laureate of the United States. But he's only part of a rich culture of poetry and literature and writing in this state, and it's always been my feeling that I would like to enhance the importance of that in every way I can because I really feel that to the extent that people can get involved with poetry and literature they will find many saving things in there for their own lives from time to time. So those two ideas and then, and I offer this by way of a disclosure in part, I had been involved with the city of Lincoln on various kinds of projects helping them raise money for this and that; they've never asked me to raise money for Centennial Mall or to ever be a part of that, nor did they ever ask me to introduce this bill, and in fact they didn't know about it until, I think, the day before I introduced it. But I mention it because the struggle in the city of Lincoln to renovate Centennial Mall, which was originally built in 1967, to figure out what it is as a place that it's supposed to be and to do something about it and to make it the high quality thing that it should be since it sits on the beautiful north axis between the Capitol Building and the university; that's been a continuing area of thought and struggle for the city of Lincoln. And the Capitol environs, as you know, is a specific area that is set aside to be the Capitol Building and those areas that relate to it, all four axes were originally designed to be a part of the Capitol environs area. The one between, on the north, between the Capitol and the university is the one we've done the nicest job with, but it's now badly in need of renovation. The one to the south, there's not much to it, there's supposed to be a Governor's Mansion directly on the south axis, several blocks down, with a wide, flowered promenade between the two, and maybe some day that will come about. But we work at this in bits and pieces. There's a nice axis now to the west, between City Hall and the State Capitol, that's fixed up pretty good. And then to the east there's only a short axis before you start dropping down a pretty steep incline,

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 39

LB 1235

so we're working on that. But all of these things are a project for several generations. So it seemed to me that as I thought about Ted Kooser and I thought about the arts and I thought about the mall that this idea had some very nice aspects to it. The...can we take one block of a mall and renovate it and build a wonderful memorial on it that perhaps is in the form of sculpture, I'm thinking maybe interactive sculpture next to the Children's Museum where they could come out and read stories to the kids and that sort of thing, all sorts of possibilities. It's not my job, obviously, to envision all these things. But there are some interesting possibilities here. I mean if you take one block of the mall and recognize that although we have a group of poets and writers who are really good, we also have one who's done something that's above or been honored above the rest. You could take other blocks that are important to...that symbolize and make them symbolize things that are important to the good life; you could have a business block, and we have certain individuals who are at the top of the national pinnacle in business, and honor that, and take another block and honor government, and build it so that it becomes a Nebraska mall filled with all of those areas of life and all those people in all those areas of life who have made Nebraska great. And then the kids could come and learn not only in the Capitol Building, but by a walk down the mall, and tourists...the Capitol Building is also...is right now one of...the number one tourist attraction in the city of Lincoln, this would be an extension of that. But it also makes the mall what it was originally intended to be I think and that is a Nebraska mall about Nebraska, not just a green space, not just about Lincoln but about Nebraska. All of these things are just ideas, but I think ideas that could be built upon. The state contributing to Centennial Mall is not a new idea. Just in the year 2000 we had a bill, Senator Crosby had a bill and this Appropriations Committee appropriated 1 million dollars to renovate and improve Centennial Mall; that bill was vetoed by the Governor because we were falling into hard times at that point; and the original construction of the mall, in 1967, involved some state funding from the Centennial Commission. So it's always been a joint project. This bill, if you should pass it, the million dollars wouldn't be spent until another million was raised by local entities and private sources. So again it's the kind of public-private partnership that's worked well for us and gets everybody involved and makes



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 40

LB 1235

them a part of the improvement. So it's a methodology by which we begin the needed renovation of the mall; it's a methodology by which we honor in a very real way poets and writers; and it is a method of giving appropriate honor to Ted Kooser. Thank you, Mr. Chairman. (Exhibit 15)

SENATOR D. PEDERSON: Questions of Senator Beutler? You've been thinking a lot, I can tell. I don't know if the state can afford to have you leave the Legislature, Chris. (Laugh)

SENATOR BEUTLER: Well maybe it's better off if I do leave. But... (Laugh)

SENATOR D. PEDERSON: Okay. Any other questions, assuming that was a question. You know, we already...incidentally, we already have in the Capitol Building places where citizens are honored, memorialized, generally memorialized, not usually with us when they get honored, so they don't know about it. This is a different dimension to memorializing. So thank you.

SENATOR BEUTLER: Um-hum.

SENATOR D. PEDERSON: Other proponents?

MARVIN HAVLAT: Chairman Pederson and other members of the committee, my name is Marvin Havlat, that's H-a-v-l-a-t. I live at 1828 Sunrise Road, Milford, Nebraska. Ted Kooser is my neighbor. Buttons are popping off my shirt. I took a lot of poetry at Doane College and when he talks about my neighborhood it's just...it's moving. I couldn't put this book down. About the arts, the humanities, I think it's a wonderful program. My grandson goes to St. John's in Seward, and my granddaughter also. He won the state art contest one time, and my granddaughter got honorable mention in poetry this year. What it does for their self-confidence is...you couldn't duplicate it. I support Senator Beutler's proposal because, you know, I'm into arts, poetry, literature; you're not alone. Duke University reaches way out to Nebraska and has these literature contests for the kids in our schools. I would suggest, you know, if they don't know what to do with this mall, I would like to add, I don't know if this is the place for it but I have native prairie out in the Bohemian Alps and plants out on that



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 41

LB 1235

prairie, they're not in the nursery trays because sometimes it would take ten years for them to send up a flower spike. So they're just not known, but they're very beautiful. And I would, you know, just suggest that maybe if I could move some of these plants that are much older, some of them are grown with tubers called corms, it takes a long time for them to develop but you can transplant it. And they send up then, year-after-year, with no care, virtually no care, not much water, beautiful displays of flowers. So just to make it short, Senator Beutler, I really commend you for this project. Thank you.

SENATOR D. PEDERSON: Thank you, very much appreciate your testimony. We're not lacking for ideas today. So thank you.

MARVIN HAVLAT: Thank you.

SENATOR PEDERSON: Other proponents? The city is here.

LYNN JOHNSON: (Exhibit 2) Good afternoon, Senator Pederson and members of the Appropriations Committee. My name is Lynn Johnson; I'm the Director of the Parks and Recreation Department with the city of Lincoln. As you may know, we're the department who's tasked with caring for maintenance of the malls around the State Capitol Building, including Centennial Mall. In addition as Parks and Recreation Director, I'm a nonvoting member of the Capitol Environs Commission. And what's being distributed to you is a message from the Chair of the Capitol Environs Commission, Jeff Searcy. He was not able to be here this afternoon, but I thought that I would pass this around and I'd like to read this into the record because it's fairly short. (Exhibit 16) "Mr. Chairman and members of the Appropriations Committee, due to a conflict I am unable to appear in person to testify in support of this important legislative measure on behalf of the joint City-State Nebraska Capitol Environs Commission. However as chair of that body, I feel it is critical to make the committee aware that at our regular monthly meeting last Thursday, January 26, 2006, the Environs Commission voted unanimously to support LB 1235. The intent of this legislation is completely consistent with the Environs Commission's design guidelines for Centennial Mall, which is intended to provide for memorials about individuals and events which are significant to Nebraska on

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 4?

LB 1235

a state and national level. This memorial to our state's great literary heritage and to Nebraska's poets and authors, most notably our first National Poet Laureate, Ted Kooser, is precisely what this mall linking the university and state government was meant to portray. Further the Capitol Environs Commission was pleased to see the provision that any state funding made available through this bill would be matched by local government and the private sector. This premise is consistent with the commission's belief that partnering with other entities towards funding such a project is absolutely appropriate for improvements of this type. On behalf of the commission I again state our unanimous, enthusiastic support for LB 1235 and the partnership this funding would establish to commemorate the achievement of Nebraskans, past, present and future." And returning to my own testimony, I'd like to begin with a little bit of history on Centennial Mall. The mall's extending from the four cardinal directions of the State Capitol Building are integral to the design created by Bertram Goodhue, the architect of the State Capitol Building. This rendering illustrates the importance that Goodhue placed on the north mall in creating this setting for this building and linking the seat of...pardon me, seat of state government to the state university. Goodhue's vision for the north mall was realized through the development of Centennial Mall. Construction began on Centennial Mall in 1967, and it was dedicated in July of 1972. And I have some photographs of Centennial Mall, when it was much younger, that I'll pass around. Much of Centennial Mall is approaching 40 years of age. If you've recently walked the mall, you probably noted the deteriorating paving, heaving concrete and planter boxes, aged and declining plantings and insufficient access for individuals with mobility limitations. In addition, we had to abandon two of the signature fountains a few years ago because the basins were failing. I think LB 1235 accomplishes three things, and you've heard these from Senator Beutler but I'll kind of reiterate them. The first is that it recognizes Poet Laureate Ted Kooser for his significant accomplishments and also celebrates the works of other notable Nebraska authors, including Willa Cather, Mari Sandoz and Bess Streeter Aldrich. And this article was already brought up as being an indication that we have a lot to celebrate in this state when it comes to our literary heritage. The guidelines for the Capitol environs state

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 43

LB 1235

that the Nebraska State Capitol Building is the primary memorial within the environs, and as you mentioned, Senator Pederson, there are provisions within this building to recognize notable Nebraskans. But it also states that other memorials of statewide and national significance may be placed on Centennial Mall, and that would be the intent of this effort. A likely location for the Nebraska Poets and Writers Memorial would be between P Street and Q Street, next to the University of Nebraska College of Journalism, the State Museum and the Lincoln Children's Museum. Secondly, discussions regarding renovation of Centennial Mall have focused on increasing its appeal as a statewide destination by incorporating features that interpret the natural and cultural history of Nebraska. Each year as you know we have thousands of school children from all over the state who travel the mall as they visit the State Capitol Building, the Nebraska State History Museum and Morrill Hall. We envision that each one of the 93 counties will be invited to tell a little of their story in art and text along the mall. This project might be similar to the current project of the Federal Treasury, recognizing each of the 50 states on the reverse side of the quarter. We can envision we could have large versions of the quarter, essentially as you walk up and down the mall we'd have each of the 93 counties recognized that way. The proposed Nebraska Poets and Writers Memorial would be a centerpiece in the telling of Nebraska's history along Centennial Mall. And finally Centennial Mall is badly in need of renovation. We've worked for about the last almost ten years to develop a plan for renovation and we've really struggled with the challenges putting together the financing strategy. One of the challenges in developing this financing strategy has been the state and federal government owns the majority of the properties fronting along Centennial Mall. Back when the mall was originally constructed there was an assessment district established to help fund a portion of that. Records indicate that that was never implemented, and actually the City Council backed away from it at one point. But we've looked at that as a possibility more recently and have decided that there just aren't enough private properties that front the mall to make that funding strategy a viable option. The proposed funding contained within LB 1235 would initiate the renovation project and provide leverage to generate public and private partnering funds. I applaud the State Legislature providing funds necessary to

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 44

LB 1235

preserve and maintain Nebraska's magnificent State Capitol Building. I'd like to thank Senator Beutler for introducing LB 1235, and I encourage your support to recognize Ted Kooser and other Nebraska poets and writers and to spur the renovation of Centennial Mall in a manner complementary to the Nebraska State Capitol Building. And I'd certainly answer any questions that you might have.

SENATOR ENGEL: Just one quick question. How was it funded to start with?

LYNN JOHNSON: It was a variety of funding. There was a federal grant that came from HUD, there was about \$40,000 of HUD money for urban improvement; there was, as Senator Beutler mentioned, the Nebraska Centennial Commission provided about \$40,000; the largest chunk of the money came from a trust that was set up by an early city of Lincoln mayor, Hudson Winnett. There was about \$140,000 of Winnett trust money that went into it, and then there were two sizable private donations, one about \$40,000, and then another of about \$35,000 that was an anonymous gift. But it was primarily local money matched by some state and some federal money.

SENATOR ENGEL: There wasn't any money for upkeep, (inaudible).

LYNN JOHNSON: Yes. Today ideally there would have been an endowment established, that didn't happen. The city, I think, has struggled over time to make sure that it is improved. We just checked the records. Last year we put 75,000 dollars into renovation of the mall; that included some of the work that's been done on the north end; we've replaced some of the paving; we've taken out some of the heaved planters; we've updated and upgraded some of the plantings, repaired some of the electrical work, so we're doing the best that we can to keep it sort of limping along. But it just needs a total face-lift at this point.

SENATOR ENGEL: Thank you.

SENATOR D. PEDERSON: Probably some of this development would take place a little quicker if the city of Lincoln decided to put some money into the program themselves instead of looking for grants and federal funds and things

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 45

LB 1235

like that. They've come to us, since I've been in the Legislature, from time to time requesting funds for the state to do these...all of these repairs. And the city has never really come up with anything themselves; they look for somebody else to do it. It's frustrating. So I think if they're going to get anywhere they're going to need some kind of a cooperative effort on the part of the city, too. So that's just an observation. But otherwise I think you've done a wonderful job on 27th Street with that park; that's just fantastic.

LYNN JOHNSON: Thank you, thank you.

SENATOR D. PEDERSON: It's a real, a real plus for the city of Lincoln to have that kind of a facility. You even had it decorated nicely for Christmas.

LYNN JOHNSON: First time that we've done that, and yes, we hope that people enjoyed that.

SENATOR D. PEDERSON: Did a good job, Lynn.

LYNN JOHNSON: Thank you.

SENATOR D. PEDERSON: Any other questions of Lynn? Thank you.

LYNN JOHNSON: Thanks for the opportunity to be here this afternoon.

SENATOR D. PEDERSON: Thank you for your presentation. Any other testimony? We have the pleasure of Suzanne Wise again. (Laugh)

SUZANNE WISE: I appreciate, Chairman, that you put all three of these bills next to each other because that makes it little easier for us.

SENATOR D. PEDERSON: We get to hear you three times that way, huh?

SUZANNE WISE: Yeah. I'm Suzanne Wise again, W-i-s-e, and I am testifying in favor of this legislation. Since we are mentioned in the legislation, I want to assure the committee that we would be able to carry out any of the administrative

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 46

LB 1235

duties. As you know, we are charged with administering the state's one percent for art, a public art program, so we do have a staff member who's job consists of doing the commissioning and the administrative work that surrounds this type of activity. The one thing that, in reading the legislation, it doesn't indicate if there would be any of the funds that would be available for administrative costs. Now out of 1 million dollars for a project of this type and again depending on whatever financial package would be put together with the city of Lincoln, if it was just strictly the 1 million dollars, I would say administratively the Arts Council would probably require, out of that amount, maybe one percent to two percent of that 1 million dollars, and that would cover the costs of the administration which would fund the call for proposals. Generally when you get a short list you do pay for the expenses of the artists to come and present their proposal, and you also pay for what's known as the macket (phonetic) or the illustration of what the proposal would be. And as I mentioned I think, one to two percent would be adequate to make that happen. As far as additional administrative costs to the agency there would be none. This is a person we have on staff, this is part of this person's job. I think to have a beautiful, well designed tribute to Nebraska's literary heritage is really a logical extension of what the Capitol is now. And I'm really taken by the fact that the nation's Capitol has really turned the mall from just a greens ward, really, into a functioning tourist destination that memorializes and honors various concepts of American history. And I think that what is being proposed for the mall certainly falls within that category and has tremendous potential. So if you have any questions about our administration or anything else...

SENATOR ENGEL: I just have a comment because right now we're trying to speed up the restoration of the Capitol itself. So it is a money situation there, too. That's cost a lot more than we figured pretty much from the start, but it's very important to do that. At least a matter of dollars, and dollars, and dollars.

SUZANNE WISE: I certainly understand.

SENATOR D. PEDERSON: Nancy.

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 47

LB 1235

SENATOR THOMPSON: Are there other projects like this that you've managed that, and I'll kind of get where I'm going with this, where you created a way to make sure that it was maintained and cleaned and not let it get ratty looking kind of thing? I mean if we were to put some type of endowment for that purpose or would you see this as the city of Lincoln to do that because they're the ones that do it now, or...

SUZANNE WISE: That's an excellent question, Senator, and I think one of the flaws of our current public art law, which is one of the earliest in the country by the way and probably why it doesn't contain this proviso is we do not have an endowment. Usually you do a little set aside to an endowment for preservation. And in this case I would suspect that it would have to be worked out between, you know, who has ultimate authority and control over the artwork. I can tell you in the case of the Interstate 80 sculptures I would dearly love to have control of those because I usually can find funds to do renovation work. They are under the control of the Department of Roads, and therefore they are the ones then that have to determine whether or not they're going to expend their budget for keeping those up.

SENATOR THOMPSON: Maybe that's something else we could mess with before we leave. (Laughter) Just a thought, just a thought.

SENATOR D. PEDERSON: Thank you, Suzanne, for bringing that up.

SUZANNE WISE: Anyway,...

SENATOR THOMPSON: But I mean I think it's (inaudible), I'd want to make sure that...

SUZANNE WISE: ...but that's why that's a very good question.

SENATOR THOMPSON: ...set aside funds are (inaudible).

SUZANNE WISE: That's exactly right and that is exactly the way to go. And we have fortunately, because public art really now is a fairly large industry, we have lots of

Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 48

LB 1235

models to draw from in terms of what is a really good way of doing that set aside of funds and expending funds for preservation.

SENATOR THOMPSON: Thank you.

SENATOR D. PEDERSON: We did have a general law, I think we still have it, that requires that new construction has to have a percentage of their work for, one percent I think, for art. I don't know how you have a percentage of art for art. But...if you can, art for the statutes.

SUZANNE WISE: Well most agencies take...there are certain expenditures that they can move out of that percentage. And it's kind of interesting in the University of Nebraska system I have two campuses that just want to even add more money, and then I have a campus that tries to take out as much as they can to get the amount as low as possible. So it just depends on your client.

SENATOR D. PEDERSON: Well we can correct the issue, if it gets there, for the...setting aside money for administration. Senator Engel.

SENATOR ENGEL: Well I was going to comment I know that Wayne State College,...

SUZANNE WISE: Yes, yes.

SENATOR ENGEL: ...that one percent, they had a terrible time figuring out what they'd spend it for. And they finally...because they had to do it. So they brought in some boulders and so forth, and rocks and (inaudible).

SUZANNE WISE: I was going to ask, Senator, do you like the boulders?

SENATOR ENGEL: I've walked among them.

SUZANNE WISE: Good. Well...

SENATOR ENGEL: Was I impressed? Not particularly.  
(Laughter)

SENATOR D. PEDERSON: We had a little problem with the



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Appropriations  
January 30, 2006  
Page 49

LB 1235

prisons, they didn't know what to do with the money. So anyway...anything else for Suzanne? If not, thank you very much. Any other testimony, either for or against? Chris, do you want to close?

SENATOR BEUTLER: No closing. The comments that I'd make with respect to all of them, Mr. Chairman, is that these are the best of times.

SENATOR D. PEDERSON: I understand that. I think you made that point the other day. But any other? If not,...

SENATOR ENGEL: That's when we got that 5 million dollars in before, it was the best of times, too, and that's how we did it because we had the money to do it that one time.

SENATOR D. PEDERSON: Well surely before the ship sank in the west. (Laughter) Thank you very much. That will close the hearing and we are adjourned.